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Lugar Says U.S. May Seek Overt Aid for Contras

By SARA FRITZ and DOYLE McMANUS, Times Staff Writers

WASHINGTON—The Reagan Administration, faced with stiff opposition in Congress to covert aid for rebels fighting Nicaragua's leftist government, appears to be moving toward seeking overt funding, according to the chairman of the Senate Foreign Relations Committee.

Sen. Richard G. Lugar (R-Ind.) said that Administration officials are reviewing a variety of alternatives for financing the rebels, known as *contras*, in an attempt to circumvent congressional opposition to Reagan's request for \$14 million in covert aid for fiscal 1986. Overt aid is the leading alternative now under consideration by President Reagan, he indicated.

In addition, Lugar predicted that the Administration will increase the chances of a favorable vote in Congress by submitting its new aid proposal to the Senate Foreign Relations Committee instead of the Senate Intelligence Committee. Members of the foreign relations panel are believed to be more sympathetic to the Administration's policy in Central America than are the members of the Intelligence Committee, which oversees covert CIA operations.

"The conditions that were tied around that \$14-million proposal (by Congress) are not going to fly because they do get back into the covert thing and the Intelligence Committee," he said. "But another program might (pass Congress) and might still involve the contras."

Last year congressional Democrats cut off the officially secret CIA funding for the rebels after spending more than \$73 million since 1981 on the covert war against Nicaragua's Sandinista regime. Last October, Congress again refused to provide the money but set aside \$14 million to be available in March if both the Senate and House vote to release the funding.

Skepticism Expressed

White House spokesman Robert Sims acknowledged that Lugar has been pressing the Administration to submit a request to Congress for overt aid, but he insisted that Reagan has not yet decided upon a strategy.

"Sen. Lugar is looking for some practical way to support the resistance forces," he said, "but the basic preference on our part still would be a program that is legal

but covert."

Opponents of Reagan's policy in Central America would be certain to challenge any request for overt aid to the contras on grounds that international law prohibits the U.S. government from directly funding the overthrow of another government without a declaration of war.

A senior State Department official, who requested anonymity, expressed skepticism that the Administration would request overt aid and questioned whether such a proposal would be any more popular in Congress than covert aid.

"Obviously, we'll go where the votes are, but I don't know how they think it's going to work," he said.

Lugar, who discussed the matter at a dinner with reporters Tuesday night, indicated that Secretary of State George P. Shultz and Robert C. McFarlane, Reagan's national security adviser, are trying to decide how the aid would be administered if it is no longer funneled through the CIA.

Lugar declined to say what types of overt aid programs are under consideration by the Administration.